

**17 potential health care cost-managing actions  
which you could take together – as individual  
Public School Districts and as cooperating Districts**

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Prepared for Public Schools labor and management negotiators and their advisors:  
A Day of Learning on the Health Care Crisis in Sonoma County - held at the Cooperage on campus at SSU

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- 1. Develop Labor-Management partnership on the health care crisis** - Essential to survive this crisis without leading to bitter fights and alienation – hopefully accomplished in ways to keep the “total population” together for negotiation clout and the laws of large numbers as a “credible group”. Explore movement toward more labor-management parity in Sonoma County trust arrangements. As labor-management teams, you then need to develop master calendars -of key dates ahead which you then try your best to stick with. It is worthwhile to consider one-year and two-year goals, for the crisis will not solve in a moment.
- 2. Emphasize staff model HMO** – Sonoma County already has that accomplished – Kaiser is a staff model HMO – It is the largest health plan in the County, with about 135,000 participants now and growing within conscious planning for future contracting. Done.
- 3. Consider using “Integrative” Double Payor – Kaiser and HealthNet (HN)** Staff model HMO + Independent Practice Association (IPA) HMO can be said to be a “Double Payor” system – Two financial and administrative systems – The term “Integrative” is used to consider the utility of how the two HMOs could optimally work together – significantly more cooperatively. (You and they could consider such areas as adjusted risk sharing, POS, humane cost-containment options, collaboratively simplifying data transfers (note SHA proposals), single billing (to help medical “back offices”) - all for the benefit of the participant family.
- 4. Adjusted Risk Sharing “across the total population”** between Kaiser and HN; so they most aptly could share the total risk, can usefully lessen the health plan’s risk of the unknown (which must be charged for, in the risk charge for the unknown).
- 5. Major humane cost-containment options deserve to be generated**, listed, discussed, and decided on in design-and-cost-negotiation talk(s) among Kaiser, HN, and the purchasers’ coalition(s) – Assume that each main participating buyer group will also call on its own regional, state, and national resources for further ideas on humane cost-containment options. Systematic joint literature search and interviews could significantly speed a deeper process.
- 6. Enhance and collaborate on preventive care, health promotion, health education, plan education, early intervention** – Use outpatient counseling to employ the “health cost offset effect”

**7. Enter joint study** among the relevant parties on such cost-sensitive matters as how to **significantly reduce medical errors, how to improve case management, and how to improve treatment of chronic conditions.**

**8. Point of Service Health Plan** - Note its **lower current cost inflation factor and capacity to significantly increase access** – Potentially increase the “medical care cost offset effect” on over 30 medical conditions – Technically, consider Kaiser’s existing “Dual Choice” or “Choice Point of Service 3 (POS 3) Plan” and, further, possibly integrate with HN.

9. Explore integrating some consumer-originating **Rx from Canada – Explore contracting with the B.C. health plan**, carefully in conformity with recent law/interpretation about personal purchase from Canada being permissible and reimbursable by health plans. Note lots of offers recently in the papers. Law review. Rx administration review.

**10. Utilization patterns – Apply deep scrutiny – State of the art data gathering and study** – Bring on independent actuary, underwriter, health economist consulting on patterns, trends, and implications.

**11. Sheets on rate plans and renewal math – Apply deep scrutiny – State of the art data gathering and analysis – Have independent actuary scrutinize each line of the rate sheets/renewal sheets.**

**12. Find out about the profits of your HMO**; apply what you learn. A colleague just told me over the phone a moment ago: Front page of the Sacramento Business Journal of November 8<sup>th</sup> talks about “soaring profits” of California HMOs: Health Nets profits were up around 500%, it apparently said. Study whether they really need the premium levels they are asking for and whether they are fully justified by utilization, plan features, and trend. On the other hand, Kaiser is non-profit. How much is Kaiser adding to “reserves”?

**13. Consider “direct contracting”**, potentially at some point, on the IPA HMO side (HN). Might look like win-win to do this in the future.

**14. Other countries’ health plans deserve to be studied** to give plan design working groups more ideas for humane cost containment and optimal functioning.

**15. Conduct serious customer service oversight scrutiny in overseeing the customer service operations of the HN plan in Sonoma County**, especially since it ranked at the bottom for customer satisfaction by a recently released study done by the Patients’ Advocate’s Office of the California Department of Managed Health Care. HN apparently says it has corrected problems and is much better. Still, Sonoma County is a big new case in an area where HN had not made particularly “serious penetration” in the market before right now .

**16. Join with County-wide studies of the crisis, contribute what you can, and consider participating in future County-wide initiatives and plans.**

**17. Study State of California's and the UC President's Office new study giving nine highest priority choices for health care in California in the approaching future.**